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FOREST LOGGING/PULPWOOD/FORESTRY/LUMBER/PANELS INDUSTRIES

Forest
road
construction

Road Building**13****Excavator, clam bucket useful in road building**

At Miller Shingle Co. in Granite Falls, Wash., a Caterpillar 235 hydraulic excavator equipped with a rotating clam has proved to be an effective multi-purpose road building machine

14**Road research aims to limit costs and resource damage**

Forest roads can be valuable investments or costly problems. USFS researchers are working to improve design and construction

16**Dust control compound makes fans of users**

Chlorides surpass lignins, petrochemicals and even water when economics are added to performance and environmental factors

18**Forest road planners evaluate ways to cut costs**

International Paper Co.'s management of woodland holdings in the Northeast requires extensive road network. New products are constantly being tested

20**Calcium chloride proves effective in dust control**

A case study illustrates how calcium chloride treatment of a temporary haul road saved more than \$200,000

Woods**24****More thoughtful use of helicopters urged**

Helicopter loggers say using the same yardstick for aerial and conventional yarding would open the door to more timber and lower delivered log costs

Mills**26****Profit-sharing benefits hourly, managerial workers**

Gregory Forest Products in Glendale, Ore., continues to update; as mills' efficiency improves, so do profits

Industry**28****Panel outlook rosy for next few years**

A report from the 20th International Particleboard/Composite Materials Symposium at Washington State University. A boom is predicted for structural panels

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Photo by Paul Harder

Industry looks ahead for improved profits

SAN FRANCISCO, CALIF.—Disappointing pulp and paper markets more than offset improved earnings from lumber and panels for many integrated forest products firms. As a result, first quarter profits fell—sharply in some cases—from the levels achieved a year ago. Most companies said they expect to do better in the second quarter.

Boise Cascade Corp., which reported a nearly 25% decline in earnings, saw profits from its building products operations soar 175%. Cost-cutting plus higher product prices benefited the sector, according to chairman John Fery.

Despite the bad news for some firms in the first quarter, the improving U.S. economy bodes well for the industry. Georgia-Pacific Corp. chairman Marshall Hahn observed, "Market developments during the first quarter were encouraging for the entire forest products industry."

He cited a weaker U.S. dollar, higher housing starts and improved prices for both solid-wood and paper products as good signs for industry profits. The profits pickup started in March, reported Louisiana-Pacific Corp. chairman Harry Merlo.

Some sawmillers complained that imports of Canadian lumber have held down prices and reduced earnings. The U.S. dollar's fall on overseas markets will help exports outside North America. The Canadian dollar has maintained its value of about 72 U.S. cents, so Canada will continue to enjoy a competitive edge due to currency value. ■

Southwest Forest sells Knox Lumber stores

PHOENIX, ARIZ.—Southwest Forest Industries has completed its previously announced sale of Knox Lumber Co. retail building materials stores. Knox Home Centers Inc. purchased the subsidiary for \$27.5 million.

The purchaser is owned by key members of Knox management and a group of Texas-based investors. Southwest will use proceeds of the sale to reduce its debt.

The company expects a pre-tax gain of \$2.5 million.

Knox is headquartered in St. Paul, Minn.; most of its 10 stores are in the Upper Midwest. ■

Forest industry sales and earnings

Companies	First quarter (\$000,000)			
	Sales	% Change 1986/85	Earnings ¹	% Change 1986/85
Abitibi-Price	C\$647.4	11.4	C\$17.8	-24.9
Boise Cascade	916.6	-4.3	25.0	-24.9
B.C. Forest Prod.	C\$269.5	-2.9	C\$4.8	-40.0
Champion Intl.	1122.3	-31.8	22.0	-49.7
Crown Zellerbach	706.2	-7.3	0.6	-96.9
Georgia-Pacific ²	1604.0	1.5	30.0	-38.8
Great Lakes Forest Prod.	C\$141.7	-4.4	-C\$0.5	n.m. ⁴
Hammermill Paper	457.6	6.9	11.4	44.8
International Paper	1140.0	0.9	17.3	-53.4
Louisiana-Pacific	322.6	19.0	1.4	288.6
Pope & Talbot ³	74.1	-10.8	-0.54	n.m. ⁴
Potlatch Corp.	233.3	-0.6	13.6	18.3
Scott Paper	801.4	15.1	39.1	-7.1
Temple-Inland ³	292.7	-6.6	13.6	-37.3
Union Camp	495.0	6.8	22.0	-26.0
Westvaco	416.4	-3.0	20.3	-10.9
Weyerhaeuser	1306.7	2.4	50.0	30.1
Willamette	272.1	-5.5	7.6	-46.8

1. G-P results include change in accounting for some pension costs; 1985 earnings included \$19 million pre-tax gain from land sales.

2. Pope & Talbot figures reflect operations discontinued in 1985.

3. Temple-Inland changed accounting methods for some pension costs; income includes gains on property and equipment of \$4.3 million in 1986 and \$700,000 in 1985.

4. n.m. = not meaningful.

Other recent news of mergers and acquisitions in the forest products industry:

- Columbia Forest Products of Portland, Ore., has bought Whittle Plywood Corp.'s mills in Arkansas and Virginia. The acquisition makes Columbia Forest Products the nation's largest supplier of veneer, board and lumber core hardwood plywood.

Whittle mills produce board and lumber core hardwood plywood. Columbia mills in Oregon, Vermont, Maine and North Carolina make hardwood plywood and veneer.

- Employees of the Evans Products Co. plywood plant in Aberdeen, Wash., are studying the possibility of creating an employee stock ownership plan. The 140 workers want to be ready to buy the plant to prevent its possible closure; Evans is being reorganized under Chapter 11 bankruptcy rules.

The 60-year-old plant is one of the coastal community's largest industrial employers.

- Gold Beach Plywood Inc. has reopened the former Champion International Corp. plant located in Gold Beach, Ore. ■

Western log exports jumped 11% last year

PORTLAND, ORE.—Nearly 3.4 billion bd ft of logs were exported from West Coast states last year, an 11% increase which put 1985's exports at their second-highest level ever.

Only in 1979 were log exports higher from Oregon, Washington, Alaska and California. The total then was 3.6 billion bd ft. Douglas fir accounted for slightly more than half of last year's log-export total. As usual, Japan was the biggest buyer, importing 56% of the logs. China came in second at 32%.

Oregon and Washington together exported 3 billion bd ft, 9% more than in 1984. Alaska's log exports jumped nearly 30% to 300 million bd ft, while shipments from California soared 34% to 63 million bd ft.

The value of all of the exported logs was put at \$1.1 billion.

Although the strong U.S. dollar inhibited exports of finished wood products last year, lower timber prices made logs still attractive to overseas buyers. U.S. lumber exports last year dropped 6.5% to 1.5 billion bd ft. ■